



# Australian Travel Industry Association (ATIA)

Pre-Budget Submission 2025-26

January 2025

## Summary and recommendations

The Australian Travel Industry Association (ATIA) welcomes the opportunity to provide a submission for the 202-26 Budget. ATIA is the peak body for Australia's travel businesses. Our membership base includes the full spectrum of travel intermediary businesses across Australia including retail, corporate and online travel agents, tour operators, wholesalers and consolidators. Our members range in size from the largest listed organisations such as Flight Centre, Helloworld, Corporate Travel Management and Webjet, through to small independently owned and operated travel businesses. 92% of ATIA members are small businesses.

ATIA also administers the *Australian Travel Accreditation Scheme (ATAS)*, which is the largest and most representative accreditation scheme for travel businesses in Australia. ATIA has almost 2,000 ATIA-accredited member locations throughout Australia.

ATIA makes the following recommendations for the 2025-26 Budget:

### Championing Trusted Travel Businesses

1. **Championing Trusted Local Travel Businesses:** Support a co-funded public awareness campaign to educate consumers on the importance of booking with accredited, Australian-based travel agents and tour operators as the safest way of booking travel. This will lead to greater consumer protections and safer travel, while supporting jobs and strengthening Australia's economy.

### Business Resilience & Innovation

2. **Growing Digital Capability:** Support programs that help businesses enhance their digital infrastructure and capabilities, including initiatives to leverage artificial intelligence for service improvements.
3. **Supporting International-ready Australian Tourism Businesses:** Continue the Reviving International Tourism Grant Program to support international ready Australian tourism businesses, including travel wholesalers, outbound tour operators, inbound tour operators, and other eligible tourism businesses to undertake demand driving activities such as expos, business development and marketing.

### Skilled Workforce

4. **Skilled Workforce to Support Travelling Australians:** Commit to a system of effective long-term incentives that will encourage employers to take on trainees, and encourage trainees to complete their training. Federal and state governments need to align funding and priorities.

### Fair & Competitive Aviation Market

5. **ACCC Market Concentration Monitoring:** The ACCC should be empowered to undertake an annual market concentration study in relation to international air services as well as domestic aviation services covering matters such as market concentration, price, impact of codeshare arrangements, and an assessment of the overall consumer benefit. The ACCC should also be empowered and funded to continue its Domestic Airline Competition Monitoring reports beyond 2026.

### Traveller Experience

6. **Streamlining the Provision of Passports:** Ensure the Australian Passport Office is supported to further enhance the digital pathway for the passport application and renewal processes.
7. **Seamless Border:** Explore where increased cooperation and collaboration with other countries as well as new technologies could improve passenger facilitation. For example, ensure adequate funding is allocated to modernise SmartGates, and expand the Australian Travel Declaration pilot program and continue to modernise the incoming passenger process and integrate the physical IPC to a digital model across the board.

8. **Reforming the Tourist Refund Scheme:** Ensure appropriate funding is provided to ABF to further develop the digitisation of the process and reduce manual processing and contact points. Review options to transition the TRS from government-run to a world-class outsourced digital system containing the required fraud and security controls.

### Appropriate funding for DFAT and border force

9. **Passenger Movement Charge:** Funds currently collected through the Passenger Movement Charge should be allocated directly to the security of the Australian border as per its original intention. Increase transparency about the cost associated with passenger movement that are notionally covered by the PMC and the use of funds.
10. **Support for Consular Services:** Maintain the appropriation to the programs associated with Smartraveller and Consular Services.

# 1. Championing Trusted Travel Businesses

## Championing Trusted Travel Businesses

The Australian travel industry plays a vital role in the economy, contributing to job creation, consumer confidence and local economic growth. However, the ongoing growth of international businesses where consumer law has limited reach undermines the credibility of the industry and flows money offshore – bypassing Australian businesses and local jobs.

Without action, Australians face increased exposure to financial losses and reduced legal protections, while Australia misses a critical opportunity to enhance the industry and its contribution to the Australian economy.

ATIA calls for a public awareness campaign to be delivered to educate and reinforce to consumers the importance of booking with accredited, Australian-based travel agents and tour operators as the safest way of booking travel. This could be implemented using a co-funded model with ATIA, the industry association representing travel agents and tour operators and who runs the accreditation program for the travel industry.

This would result in a number of economic and consumer benefits, including:

- **Protecting Consumers:** Accredited travel businesses comply with Australian Consumer Law as well as the enhanced standards of the Australian Travel Accreditation Scheme Charter and Code of Conduct. A **free dispute resolution service** is available to consumers who have booked with an ATIA Accredited travel business, ensuring fair treatment and enhancing consumer confidence.
- **Job Creation:** Supporting Australia’s almost 2,000 accredited travel businesses means supporting Australian jobs.
- **Booting Local Revenue:** Accredited travel businesses retain profits within Australian, fostering economic resilience and benefiting the Australian economy through tax contributions.
- **Enhancing Industry Reputation:** Highlighting trusted, accredited businesses rebuilds consumer confidence, encouraging Australians to travel while supporting high-quality operators. This is important in the context that travelling Australians **contribute over \$1.6 billion to Government revenue** annually through the Passenger Movement Charge and passport fees alone.
- **Freeing Up Consular Services Resources:** Travel agents and tour operators actively promote the take up of travel insurance. They also stand ready to assist in a crisis, and the service provided reduces the demands on Australia’s consular capacity around the globe.

### Recommendation 1:

Support a co-funded public awareness campaign to educate consumers on the importance of booking with accredited, Australian-based travel agents and tour operators as the safest way of booking travel. This could be implemented using a co-funded model with ATIA, the industry association representing travel agents and tour operators and who runs the accreditation program for the travel industry.

## 2. Business Resilience & Innovation

### Growing digital capability

Rapid advancements in digital technology, particularly artificial intelligence (AI), poses both challenges and opportunities for businesses and their employees.

Growing digital capability will mean more businesses are able to successfully adopt and integrate new technologies and artificial intelligence, and take advantage of the opportunities digitalisation provides. This applies both to business owners who can leverage opportunities to innovate in the products and services they provide to customers, as well as to individuals.

For example, by leveraging AI to enhance their services and streamline their operations, businesses can drive growth and stay competitive by offering value beyond what automated systems alone can provide – ensuring customers continue to turn to them for expert insights. This approach not only improves efficiency but also reinforces the essential role of human expertise, easing concerns about displacement of jobs in the travel industry.

ATIA recommends that Government provide funding support by way of a grant program to small businesses to enable them to improve their digital infrastructure and capabilities.

#### Recommendation 2:

Provide funding support by way of a grant program to small businesses to enable them to improve their digital infrastructure and capabilities.

### Supporting international ready Australian tourism businesses

The Reviving International Tourism Grant Program (RITG) has been effective at supporting international ready Australian tourism businesses, including travel wholesalers, outbound tour operators, inbound tour operators, and other eligible tourism businesses to undertake demand-driving activities such as expos, business development and marketing.

However, while progress has been made, as recognised by Tourism Australia, to build international business, tourism businesses “need identify key partners and establish and maintain relationships with them over a long period of time”. In addition, the industry is still facing challenges including rising operational costs, global economy uncertainty, and increasing competition from international markets. ATIA supports a continuation of this important grant program and that all ATIA accredited travel businesses be eligible to participate.

#### Recommendation 3:

Continue the Reviving International Tourism Grant Program to support international ready Australian tourism businesses, including travel wholesalers, outbound tour operators, inbound tour operators, and other eligible tourism businesses to undertake demand driving activities such as expos, business development and marketing.

### 3. Skilled workforce

#### Skilled workforce to support travelling Australians

The demand for skilled workers in the travel industry remains strong, and ensuring an effective traineeship system will help the travel industry have pipeline of skilled workers required to support the needs of travelling Australians.

The travel industry experienced a loss of more than a third of its skilled workforce during the COVID pandemic and commencements in traineeships in the travel industry fell by over 80 per cent, severely limiting the pipeline of skilled workers. As demand for travel continues to increase, many businesses are facing challenges finding sufficient workers to effectively deliver their operations and meet rising demand. This has proven to be particularly difficult in the regions. This sentiment is supported by the data, with the Government's Occupation Shortage List recording Travel Consultant as in shortage nationally both in 2022, 2023 and again in 2024.

Travel Consultants were added to the Apprenticeships Priority List in January 2023 which has assisted. However, a long-term commitment to funding is needed to allow sufficient time for the benefits to flow through and to provide employers and trainees with certainty in relation to financial incentives and/or wage subsidies.

Financial incentives are an important factor in supporting employers to take on trainees, and in supporting apprentices and trainees to complete their training contracts. For an employer, the cost of supervising and training a trainee can be prohibitive, including direct costs such as the amount of supervision required and time away from work attending training, as well as the opportunity cost, as the time spent with the trainee is time the employer could be spending on servicing new clients and generating income.

The support necessary for someone who is brand new to the industry far outweighs any other employee in terms of the time and effort to get them up and running and servicing clients, and it is important to support the business to ensure they can support the trainee. This is supported by findings in ATIA's recent Skills & Workforce Survey, where 49% of travel businesses said the time taken away from their business to supervise/mentor a trainee was a barrier to engaging with the traineeship system. Thirty-six per cent reported that even at the current incentive levels, the cost of taking on a trainee was a barrier to engaging with the traineeship system, including the direct as well as opportunity cost.

Incentives are crucial in encouraging businesses, and allowing small businesses, to consider hiring trainees. It is impossible to have a trainee without an employer, and the system should support all employers to participate in the traineeship program.

#### **Recommendation 4:**

Commit to a system of effective long-term incentives that will encourage employers to take on trainees, and encourage trainees to complete their training.

Federal and state governments need to align funding and priorities.

## 4. Fair and Competitive Aviation Market

Healthy competition is critical for the effective operation of markets so that businesses have the incentive to operate efficiently, price competitively and offer products valued by consumers. This is recognised by the ACCC, which stated “the lack of effective competition over the last decade has resulted in underwhelming outcomes for consumers in terms of airfares, reliability of services and customer service”.

On the international front, airlines have been allowed to consolidate operations into global alliances and have been provided with exemption to competition law. ATIA assessment and that of our global partners found that these processes can entrench market power of the dominant airlines to the detriment of consumers and other stakeholders, contributing to an increasingly uncompetitive international market. The impact of exemptions to competition law must be closely monitored, especially where airlines operate aircraft to the same destinations.

The Australian Competition and Consumer Commission (ACCC) should be empowered and funded to undertake an annual market concentration study in relation to domestic and international air services covering matters such as market concentration, price, impact of codeshare arrangements, and an assessment of the overall consumer benefit.

Domestically, recent developments in the aviation market have added to poor competitive environment. Since Bonza went into liquidation and Rex withdrew from major domestic routes, Qantas Group and Virgin Australia have serviced 98% of domestic passengers. Currently, there is no longer any route on Australia’s domestic network serviced by more than 2 major airlines. Since July 2024, airfares have increased by over 13%.

The Government’s decision to re-implement quarterly domestic airline monitoring and reporting by the ACCC was welcomed by ATIA, and one that we advocated for. This enhances transparency and accountability. In addition, as recognised by the ACCC, enables the ACCC to act more quickly should competition or consumer issues arise, because it already has dedicated staff members with industry knowledge and expertise through ongoing access to, analysis and reporting on industry data. Given this, ATIA also recommends that the ACCC’s Domestic Airline Competition Monitoring reports should continue beyond 2026 and include market concentration reporting.

### **Recommendation 5:**

The ACCC should be empowered to undertake an annual market concentration study in relation to international air services as well as domestic aviation services covering matters such as market concentration, price, impact of codeshare arrangements, and an assessment of the overall consumer benefit.

The ACCC should be empowered and funded to continue its Domestic Airline Competition Monitoring reports beyond 2026.

## 5. Traveller Experience

As passenger numbers continue to increase, there is a need for investment in new and refreshed assets and infrastructure for both air and sea ports. While Australia did have a clear strategy of modernisation, there is now a clear need for a new overarching strategy bringing together government service providers, infrastructure owners, suppliers and travel management companies.

### Streamlining the provision of passports

Australia now has the highest fee in the world to apply for a passport, and it is essential that the Australian Passport Office (APO) is provided sufficient appropriation to innovate the existing system to make it world-leading. ATIA recommends allocating additional investment to further the digitisation of the application process as well as utilising the close to 2,000 ATAS travel businesses located in Australia to conduct interviews for new passports and allow travellers to collect their passports from these businesses.

The current application process has remained largely unchanged since the 2017 procurement process. This has meant most Australians have had to visit a participating post office to lodge and conduct an interview with a person who has no prior knowledge of their circumstances and who they would not typically engage with as part of their traveller journey. By expanding this process to close to 2,000 accredited travel businesses, Australians can be supported by a trusted travel professional who will be able to provide higher levels of customer service than that of the existing provider, with no increase in expenditure to the Government.

Greater investment is also required to further enhance the digital pathway for the renewal of a passport. Australia is currently lagging other developed countries on digital renewal processes. It is essential that the APO is provided the necessary appropriation to support its progress towards removing the need for paper applications for renewing passports.

#### Recommendation 6:

Provide the necessary appropriation to the APO to further enhance the digital pathway for the passport application and renewal process.

Expand the application and renewal process to allow for Australians to be supported by a travel professional who will be able to provide higher levels of customer service than that of the existing provider with no increase in expenditure to the Government.

### Seamless border

ATIA is united with other key industry associations in calling for seamless border facilitation. As passenger numbers continue to grow, implementation of automation, digitalisation and efficient processes will be vital to handle this growth. ATIA supports investment into technology solutions to improve the border experience by travellers and to ensure that any impediments do not stifle growth in the travel and tourism industry.

There are a number of key areas that are critical elements of a seamless border experience. This includes visa requirements, where there are opportunities to enhance international cooperation on visa policies and technologies to expedite the process for travellers. Another key area is more efficient entry and screening technologies to process passengers, including examination of standardised digital identity systems and reduction of contact points. It would also be beneficial to further explore where increased cooperation and collaboration with other countries as well as new technologies could improve passenger facilitation.

There is also scope for refinement and modernisation of the incoming passenger process, including the need for a physical Incoming Passenger Card. ATIA is supportive of the current pilot of the Australian Travel Declaration, which was launched last year for certain travellers arriving into Brisbane Airport from New Zealand. Further funding should be provided to support the assessment and expansion of the pilot program across more Australian airports and with additional airlines.

#### **Recommendation 7:**

Ensure adequate funding is allocating to Home Affairs and Australian Border Force to continue to explore where increased cooperation and collaboration with other countries as well as new technologies could improve passenger facilitation.

Ensure adequate funding for the assessment and expansion of the pilot program to modernise the incoming passenger process and integrate the physical IPC to a digital model.

## **Reforming the Tourist Refund Scheme**

With travellers allowed a refund of the taxes on certain purchases, the Tourist Refund Scheme (TRS) is a major factor in boosting Australian retail sales to international travellers (including Australians) and provides an incentive for people to purchase in Australia.

However, the TRS is currently a largely manual process and is not in line with global best practice. Reforms to the TRS are necessary to improve the existing user experience and minimise the incidents of delays of the departure of international flights.

ATIA commends the ABF on improvements to the processes, including the development of a TRS app which is intended to speed up the process. However there is a still a way to go, with other countries forging ahead with simple and quick end-to-end digital online processing. Appropriate funding should be allocated to ABF to further develop the digitisation of the process and reduce manual processing and contact points.

To improve the experience and elevate Australia to world-standing, Government should consider transitioning to an outsourced system where a commission is deducted from the traveller refund amount to self-fund the digital enhancements, including the required fraud and security controls. Overall, it is not the best use of highly trained ABF staff to be conducting a largely administrative process which globally is best delivered through private providers. This reform would improve the existing user experience of Australians and minimise the potential of departure delays.

Any costs incurred through modernising the TRS through new technology, processing, and operation costs would be covered by the commission paid by travellers from their TRS refund, not the government. The commission would not need to be a significant amount and, for many travellers, would likely be considered a worthy contribution towards a more efficient refund scheme. If this were to occur, it should be a flat fee rather than a percentage of purchase price. Outsourcing this process would also reduce the administrative burden on ABF officers and allow resources to be re-allocated to areas of priority.

A reformed TRS system, in line with many others around the world, would also significantly improve the traveller experience. It would enable travellers to purchase items and claim eligible refunds without manually filling in documentation or lining up in person ahead of their flight. It would allow travellers to take control of their shopping experience instead of depending on the resourcing of the ABF on any given day when they may need help to receive their eligible refund.

#### **Recommendation 8:**

Ensure appropriate funding is provided to ABF to further develop the digitisation of the process and reduce manual processing and contact points.

Consider a transition of the Tourist Refund Scheme (TRS) system from government-run to a world-class outsourced digital system containing the required fraud and security controls.

## 6. Appropriate funding for DFAT and border services

### Passenger Movement Charge

The Passenger Movement Charge was introduced in 1995 replacing the departure tax to recover the cost of customs, immigration and quarantine processing of travellers and to fully offset the cost of issuing short-term visitor visas. The PMC was increased from \$60 to \$70 on 1 July last year, an increase of 600 per cent from when a departure tax was first introduced.

Over time, the link between the PMC and cost recovery of delivering border services has been broken, with PMC funds flowing into Treasury as consolidated revenue. Prior to the COVID pandemic, the PMC was generating close to \$1.2 billion in tax revenue each year, which considerably was greater than the \$436 million of expenditure on border management by the Department of Home Affairs and the Department of Agriculture and Water. Revenue generated through the lifting of the PMC to \$70 on every departure is expected to rise to \$1.3 billion in 2026-27, compared with \$447 million expenditure on border management.

What is currently collected should be allocated directly to the security of the Australian border as per its original intention. The Government has used hypothecation for the latest increase, and we believe that principle should be included going forward, and adopted in a bipartisan approach. ATIA is of the firm belief that the PMC is a poorly designed tax that has moved far from its original intention to recover the necessary costs associated with border processing. As part of this, there should be greater transparency about the cost associated with passenger movement that are notionally covered by the PMC and the use of funds.

#### Recommendation 9:

Funds collected through the Passenger Movement Charge should be allocated directly to the security of the Australian border as per its original intention.

Increase transparency about the cost associated with passenger movement that are notionally covered by the PMC and the use of funds.

### Support for Consular Services

The travel industry and the Department of Foreign Affairs and Trade (DFAT) have been working together to ensure that when Australians take an overseas trip they take out travel insurance, ensure their vaccinations are up to date, and check destination safety before travelling.

ATIA's members know that the services provided by DFAT are pivotal in ensuring Australians travel safely with the appropriate safety net. ATIA members are the first point of information for travellers seeking to travel internationally and therefore have firsthand information on their requirements. ATIA engages with the Consular Consultative Committee with the aim of lowering the number of Australians requiring assistance while abroad.

To achieve this ATIA works in partnership with DFAT to improve how the department engages with travellers who are more likely to undertake high risk activity. ATIA completes this on behalf of the travel sector as part of our industry's obligation to the Australian community. ATIA regularly supports DFAT messaging via our social media channels and member communication. The continuation of support for Consular services is critical to traveller support. ATIA wishes to continue to work with DFAT to educate Australian travellers on the importance of travel insurance, and their responsibilities associated with travelling to high risk destinations with the aim of lowering traveller's need to access these services.

#### Recommendation 10:

ATIA calls on the Government to maintain the appropriation to the programs associated with Smarttraveller and Consular Services.